

Thank you Mr. Chairman and Senators for this opportunity to address the Sub-Committee on Communications. This Sub-Committee is investigating the approval process for local telephone companies to get into the long distance market as outlined in Section 271 of the Telecommunications Act of 1996. I believe that the experiences of the Louisiana Public Service Commission can be of assistance to you in this matter.

Before I get into the 271 process, I want to cover two broad points. First, there seems to be a notion in some quarters of the FCC that the vast majority of the state regulatory bodies are not sophisticated enough or bright enough to evaluate long distance applications. I'd like to report to this sub-committee that on the Louisiana PSC staff we have real engineers. We also have real lawyers, and economists. We even have real PhD's. Our staff and the Commissioners conducted a thorough, professional evaluation. Over about an eight month period, we had a full set of hearings with over forty witnesses; three separate demonstrations of electronic access to Operational Support Systems; and a record comprised of thousands of pages.

As a Commission, we have tried diligently to follow the lead of our Senator Breaux and the other members of our delegation. We have taken our job seriously; though we now wonder if the FCC has taken us seriously.

The second general point is that, with all due respect to my fellow panelists, my personal focus in these matters is not with the Bell Company or with the other communications companies. These are big concerns that can look out for their own interests. My primary

focus has been on the average Louisiana consumer. These are people who place their trust in the Louisiana Public Service Commission.

My 94 year old grandmother is one of these average consumers. She lives in Covington, Louisiana. In 1993, my grandmother paid fifteen cents a minute for an interLATA long distance call to Baton Rouge. Today, she still pays fifteen cents a minute; despite a 45% reduction in access charges. This tells me that there's something wrong in the current long distance market.

Now, let's move on to the 271 process. As I see it, the broad purpose of the Telecommunications Act was to bring more competition to the local and long distance markets. We in Louisiana have been very aggressive in opening the local market. We have established our own state-specific set of Competitive Rules to do this. We have approved over 40 CLEC's, and over 100 interconnect contracts to expand local competition.

We have also attempted to bring some real competition to the long distance market by approving Bell's entry into that market. We took that action because we determined that the 14 Points of law were met, and that public interest warranted our approval. However, in my view, there's something seriously wrong with the 271 approval process at the FCC.

- There's something wrong when the FCC rejects an opportunity for an immediate 5% long distance reduction for all Louisiana consumers... and a projected long-term reduction of about 25%.
- There's something wrong when the FCC basically ignores

eight (8) months of work by the Louisiana PSC involving some forty (40) witnesses and thousands of pages of evidence.

- There's something wrong when the FCC attempts to federalize long distance regulation and pre-empt the authority of state regulators.
- There's something wrong when the FCC rejects projected economic development in Louisiana totaling hundreds of millions of dollars.
- There's something wrong when the FCC denies choices, innovation and price reductions for Louisiana consumers.

We are genuinely confused about the way we interpret the TelCom Act and the way the FCC interprets it. Some at the FCC have suggested that the 1996 law diminishes the traditional authority of the states over intra-state matters. We don't see it that way. As we interpret the law which Congress passed, you intended that the states have primary authority over pricing. Further, you did not intend that the FCC establish national rules administered by the federal government. We don't read your law as allowing the FCC to preempt state authority. Quite the contrary, we believe that the role of the states was to have been strengthened. Sadly, repeated rejections by the FCC of state approvals for long distance competition have raised doubts about the implementation of the law.

In Louisiana, there are sixteen parishes that are bisected by the LATA boundaries. As you know, the local telephone company cannot carry calls across these artificial LATA boundaries. This means that in these sixteen parishes, the average consumers do not get the benefits

of discounted calling plans and special educational discounts ordered by the Louisiana PSC.

A tariff has been filed with the Louisiana PSC that will provide every Louisiana consumer the immediate opportunity to get long distance rates that are 5% below the largest long distance carrier's. It is estimated that over time, long distance rates can come down by about 25%. We would like to approve this tariff; however, we cannot.

In conclusion, it is essential for these potential consumer benefits and rate reductions to become a reality. For this to happen, the local Bell company must be allowed to bring new competition into the long distance market. The Louisiana Public Service Commission has voted to allow our consumers to get these benefits. The FCC has rejected the application. Somehow, state input and state decisions have to be given more emphasis in these matters.